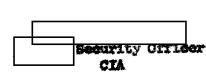
Approved For Release 2002/09/09 - CIA-RDP63-00313A000500010015-0 25X1 25X1 19 March 1962 **NRO REVIEW COMPLETED** MEMORANIKH FOR: Deputy Director (Research) 25X1 : Acting Chief, DPD-DD/R THROUGH Hyeon Corporation, Proposed Report to Stockholders SELECT 25X1 dtd 12 March 1962 : Ltr from Electrical Control 1. Paragraph 6 of this memorandum contains a recommendation for your approval. 2. A review of the proposed Hyoon Corporation release to its letter in itself would stockholders as outlined in 25X1 reveal nothing inherently objectionable from a security standpoint with the exception of the following two admittedly rether vague ercas: a. The Eyeon Corporation B configuration is still being utilized as the primary U-2 camera system at both Detechments G and H. Contracts still exist for both field representative and factory servicing. Care must necessarily be exerted to ensure that publication of the Hycon Corporation statement does not surface existing contracts and result in the revelation of current IDEALTET activities. b. Much U-2 denied area photography has since May 1960 been released from the special product control mystem on a Secret-Moforn basis under procedures approved by the TETH which include the aspect that the photography so released would not be confirmed as coming from U-2 source. A comparison of resolution, etc. of Hydon Corporation released photography with such released Secret-Soform photography would conceivably confirm U-2 source to the user. 3. This office is in full sympathy with the natural desire to inform Eyeon Corporation stockholders of this 25X1 significant achievement on the part of the Corporation. From a pure negurity standpoint this office would concur in the proposed release. The Soviets presently possess a B configuration camera and photography as a result of the incident. There is no 25X1 confirmation that they are sware of the identity of the manufacturer since care was taken to sanitize the equipment prior to installation in the aircraft. 25X1

Approved For Release 2002/09/03 PIA-RDP63-00313A000500010015-0

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4. This effice is concerned however, that approval of the Hyoon Corporation statement would open a "Pandora's Box" in that it would be quite natural for other agency industrial suppliers to request similar sutherity. (Prior to granting Hyoon Corporation authority outlined in attached (OUT 63629) it was necessary for the agency to canvass the other suppliers regarding this matter.) The result could be a broad insight on the part of all into contractural procedures used by the agency in the U-2 program. These procedures are presently being applied to other sensitive agency projects. These procedures do not provide, as in the case of DOD contractural lettings, provision for competitive bidding.

- 5. Attached are some prior correspondence pertaining to the security of the B configuration camera which example some of the considerations previously given to Hycon Corporation. Whereas the correspondence reveals that the agency has always given due regard to the reasonable requests of that company, it is not presumed that it should influence the decision as to the advisability from a security standpoint of permitting or not permitting the release.
- 6. Considering all aspects it is recommended that be informed that the agency prefers that the proposed announcement to the stockholders not be made.



Recommendation in paragraph 6 APPROVED: Oslile to this effect signed by DD/R effici

History Scoville, JR.
Deputy Director (Research)

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